

GREENE COUNTY MEDICAL CENTER
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2011 AND 2010

GREENE COUNTY MEDICAL CENTER

Contents

	<u>Page</u>
OFFICIALS	1
INDEPENDENT AUDITOR'S REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS:	
Balance Sheets	5
Statements of Revenues, Expenses and Changes in Net Assets	6
Statements of Cash Flows	7
Notes to Financial Statements	9
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule	20
SUPPLEMENTARY INFORMATION:	
Schedules Supporting Balance Sheets:	
Patient receivables	21
Inventory/Prepaid expense	22
Schedules Supporting Statements of Revenues, Expenses and Changes in Net Assets:	
Patient service revenue	23
Revenue and related adjustments	24
Nursing service expenses	25
Other professional service expenses	27
General service expenses	30
Fiscal and administrative service expenses	31
Schedule of Expenditures of Federal Awards	33
Comparative Statistics	34
Comparative Balance Sheets	35
Comparative Statements of Revenues, Expenses and Changes in Net Assets	36
COMMENTS AND RECOMMENDATIONS:	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	37
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	39
Schedule of Findings and Questioned Costs	41

GREENE COUNTY MEDICAL CENTER
Officials
June 30, 2011

<u>Board of Trustees:</u>	<u>Address</u>	<u>Term Expires</u>
Jim Schleisman, Chairperson	Jefferson, Iowa	2016
David Hoyt, Vice-Chairperson	Jefferson, Iowa	2012
Judy Sankot, Secretary	Jefferson, Iowa	2016
Ralph Riedesel, Treasurer	Paton, Iowa	2012
Kim Rueter	Grand Junction, Iowa	2016
Doug Hawn	Scranton, Iowa	2014
Kim Bates	Scranton, Iowa	2014
 <u>Administrator/CEO:</u>		
Karen L. Bossard	Jefferson, Iowa	
 <u>CFO:</u>		
William C. Steussy	Jefferson, Iowa	
 <u>Controller:</u>		
James Last	Grand Junction, Iowa	

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Greene County Medical Center
Jefferson, Iowa

We have audited the accompanying balance sheets of Greene County Medical Center as of June 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As explained in Note A, the operations of a component unit are excluded from these financial statements. In our opinion, accounting principles generally accepted in the United States of America require that such an entity be blended with these financial statements.

In our opinion, except for the effects of exclusion of a component unit required to be included as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Greene County Medical Center as of June 30, 2011 and 2010, and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2011 on our consideration of Greene County Medical Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

To the Board of Trustees
Greene County Medical Center

The management's discussion and analysis on pages 4 through 4d and the budgetary comparison schedule on page 20 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2009 (none of which are presented herein) and expressed qualified opinions on those financial statements. The supplementary information (shown on pages 21 through 36) including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Stonebold, Bill, Hyman & Co. P.C.

Atlantic, Iowa
December 2, 2011

GREENE COUNTY MEDICAL CENTER

1000 West Lincolnway
Jefferson, Iowa 50129
Phone: 515-386-2114
Fax: 515-386-3695



nothing's more important than your health™

GREENE COUNTY MEDICAL CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS

Greene County Medical Center offers readers of our financial statements this narrative overview and analysis of the financial activities of the Medical Center for the fiscal years ended June 30, 2011 and June 30, 2010. We encourage readers to consider the information presented here in conjunction with the Greene County Medical Center's financial statements, which begin on page 5.

FINANCIAL HIGHLIGHTS

The Medical Center's net assets have increased in each of the past two years, with a \$126,682 increase in 2011 and a \$79,856 increase in 2010.

The Medical Center's patient accounts receivable decreased by \$130,870 or 4% in 2011.

Net capital assets increased by \$242,536 or 2% in 2011.

The Medical Center's operating loss increased from \$1,938,759 in 2010 to \$2,453,065 in 2011.

Noncapital grants and contributions increased \$525,586 or 132% in 2011.

Capital grants and contributions decreased \$70,756 or 15% in 2011.

The Medical Center was co-recipient of a U.S. Dept of Commerce 3-year grant for Broadband Technology Opportunities Program in the area of telehealth. The Medical Center received \$651,217 this past year.

The Medical Center started an Orthopedic clinic with a part-time employed Orthopedic surgeon in 2011. This resulted in \$374,243 in additional revenue and \$424,906 more in expenses.

USING THIS ANNUAL REPORT

The Medical Center's financial statements consist of three statements - a Balance Sheet; a Statement of Revenues, Expenses, and Changes in Net Assets; and a Statement of Cash Flows. These financial statements and related notes provide information about the activities of the Medical Center, including resources held by the Medical Center but restricted for specific purposes by contributors, grantors, or enabling legislation.

THE BALANCE SHEET AND STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Our analysis of the Medical Center's finances begins on page 4a. One of the most important questions asked about the Medical Center's finances is, "Is the Medical Center as a whole better or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Medical Center's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Medical Center's net assets and changes in them. You can think of the Medical Center's net assets - the difference between assets and liabilities - as one way to measure the Medical Center's financial health, or financial position. Over time, increases or decreases in the Medical Center's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Medical Center's patient base and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Medical Center.

THE STATEMENT OF CASH FLOWS

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as "Where did cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

THE MEDICAL CENTER'S NET ASSETS

The Medical Center's net assets are the difference between its assets and liabilities reported in the Balance Sheet on page 5. The Medical Center's net assets increased in each of the past two years by \$126,682 in 2011 and \$79,856 in 2010, as you can see from Table 1.

Table 1: Assets, Liabilities, and Net Assets

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assets:			
Current assets	\$ 8,317,381	\$ 7,858,039	\$ 7,685,723
Capital assets, net	9,948,407	9,705,871	9,040,919
Other noncurrent assets	<u>5,111,045</u>	<u>5,312,373</u>	<u>5,226,830</u>
Total assets	<u>\$ 23,376,833</u>	<u>\$ 22,876,283</u>	<u>\$ 21,953,472</u>
Liabilities:			
Long-term debt outstanding	\$ 587,398	\$ 811,472	\$ 546,442
Other current and noncurrent liabilities	<u>4,072,902</u>	<u>3,474,960</u>	<u>2,897,035</u>
Total liabilities	<u>\$ 4,660,300</u>	<u>\$ 4,286,432</u>	<u>\$ 3,443,477</u>
Net Assets:			
Invested in capital assets, net of related debt	\$ 8,825,899	\$ 8,657,171	\$ 8,385,146
Restricted - expendable	387,485	397,494	417,066
Unrestricted	<u>9,503,149</u>	<u>9,535,186</u>	<u>9,707,783</u>
Total net assets	<u>\$ 18,716,533</u>	<u>\$ 18,589,851</u>	<u>\$ 18,509,995</u>

Current assets increased by 6% primarily as a result of an increase in property tax receivable and internally designated assets. Net capital assets increased by \$242,536 due to major acquisition and construction-in-progress purchases being greater than the depreciation for the year. Other noncurrent assets decreased by 4% due to amounts needed to meet current liabilities.

Liabilities increased by 9%, due to larger plant payable, accrued employee compensation and deferred revenue for property taxes.

OPERATING RESULTS AND CHANGES IN THE MEDICAL CENTER'S NET ASSETS

In 2011, the Medical Center's net assets increased by \$126,682, as shown in Table 2. This increase is made up of many different components. This year the most significant changes were the increase in noncapital contributions and property taxes to offset the increase in operating loss.

Table 2: Operating Results and Changes in Net Assets

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating Revenues:			
Net patient service revenues	\$ 17,741,073	\$ 16,890,188	\$ 16,140,053
Other operating revenues	<u>298,592</u>	<u>289,192</u>	<u>395,206</u>
Total operating revenues	18,039,665	17,179,380	16,535,259
Operating Expenses:			
Salaries and benefits	12,335,991	11,610,653	10,870,567
Professional fees	1,343,507	1,576,520	1,406,275
Other operating expenses	5,290,240	4,551,968	4,606,630
Depreciation	<u>1,522,992</u>	<u>1,378,998</u>	<u>1,283,481</u>
Total operating expenses	<u>20,492,730</u>	<u>19,118,139</u>	<u>18,166,953</u>
Operating Loss	(2,453,065)	(1,938,759)	(1,631,694)
Non-Operating Revenues (Expenses):			
County taxes	1,238,074	1,108,020	1,038,792
Investment income	39,897	71,437	101,958
Noncapital grants and contributions	924,429	398,843	468,035
Interest expense	<u>(16,183)</u>	<u>(11,721)</u>	<u>(2,168)</u>
Non-operating revenues, net	<u>2,186,217</u>	<u>1,566,579</u>	<u>1,606,617</u>
Excess of Expenses Over Revenues Before Capital Grants and Contributions, Scholarship Distributions, and Unusual Item	(266,848)	(372,180)	(25,077)
Capital grants and contributions	407,530	478,286	60,029
Medical Occupation Scholarships	<u>(14,000)</u>	<u>(26,250)</u>	<u>(16,250)</u>
Increase in net assets	126,682	79,856	18,702
Net Assets Beginning of Year	<u>18,589,851</u>	<u>18,509,995</u>	<u>18,491,293</u>
Net Assets End of Year	<u>\$ 18,716,533</u>	<u>\$ 18,589,851</u>	<u>\$ 18,509,995</u>

OPERATING LOSSES

The first component of the overall change in the Medical Center's net assets is its operating loss - generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. In each of the past three years, the Hospital has reported an operating loss. This is consistent with the Medical Center's entire operating history. The Medical Center's operations were begun in 1937 as a county hospital, when it was agreed that a portion of its costs would be subsidized by property tax revenues, making the facility more affordable for the County's lower income residents. In 2009, the operating loss was \$1,631,694. In 2010, the operating loss increased to \$1,938,759. In 2011, the operating loss increased to \$2,453,065 due to a combination of items.

The primary components of the higher operating loss are:

- Lower volumes in Long Term Care
- Increase of 29% in revenue adjustment in 2011 over 2010.
- Total operating revenues increased by 5%, while total operating expenses increased 7% in 2011 over 2010.

NON-OPERATING REVENUES AND EXPENSES

Non-operating revenues consist primarily of property taxes levied by the Medical Center, grants mostly through our Public Health department and interest revenue and investment earnings. The change in property tax dollars was due to property valuations increases.

The decrease in investment income was a result of interest rates dropping over the last year.

GRANTS, CONTRIBUTIONS, AND ENDOWMENTS

The Medical Center has received both capital and operating contributions from both the Greene County Medical Center Foundation and the GCMC Auxiliary over the last two years to fund new equipment and physician recruitment efforts. This year the Medical Center received \$263,057 from the two organizations for various projects.

In 2011 the Medical Center also received funds from two federal grants (HRSA and BTOP) for surgery and telehealth equipment and services.

BUDGETARY HIGHLIGHTS

The official county budget of the Medical Center for the year ended June 30, 2011 was prepared on a modified accrual basis. Actual revenues and expenses were both below the budgeted figures due to major construction projects not occurring.

THE MEDICAL CENTER'S CASH FLOWS

Changes in the Medical Center's cash flows are consistent with changes in operating losses and non-operating revenues and expenses, discussed earlier.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

At the end of 2011, the Medical Center had \$9.9 million invested in capital assets, net of accumulated depreciation, as detailed in Note G to the financial statements. In 2011, the Medical Center added \$1,765,528 in capital assets, 25% greater than in 2010. The new assets were greater than the \$1,522,992 in depreciation expense for the year, explaining the increase in depreciable net capital assets.

Construction-in-Progress:

The Medical Center has undertaken a number of major projects during 2011 which were not completed yet at the end of fiscal year. The information system projects related to the electronic medical record and the BTOP grant project were major reasons for the increase in net capital assets of \$242,536 during the year.

Debt:

The Medical Center has incurred no additional long-term debt in 2011 and was able to pay down the outstanding debt by \$224,074.

OTHER ECONOMIC FACTORS

The Medical Center considered many factors when setting the fiscal 2011 budget. Both local and national economic factors were considered, such as:

- Medicare and Medicaid reimbursement rates
- Privacy legislation (HIPAA)
- Market-driven cost of living salary increases
- Cost of supplies
- Capital purchases
- No major changes in local economic employment
- Physician recruitment

CONTACTING THE MEDICAL CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Medical Center's finances and to show the Medical Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Administration offices at Greene County Medical Center in Jefferson, Iowa.

* * *

GREENE COUNTY MEDICAL CENTER
Balance Sheets
June 30,

ASSETS

	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash	\$ 1,898,477	\$ 1,921,674
Patient receivables, less allowances for doubtful accounts and for contractual adjustments (\$1,398,235 in 2011, \$1,258,245 in 2010)	3,467,058	3,597,928
Accounts receivable - other	101,152	258,354
Inventory	253,903	243,552
Prepaid expense	560,681	401,303
Succeeding year property tax receivable	1,501,000	1,198,000
Internally designated assets	<u>535,110</u>	<u>237,228</u>
Total current assets	8,317,381	7,858,039
Designated and Restricted Assets:		
Internally designated assets	4,819,384	4,794,250
Restricted assets	<u>387,485</u>	<u>397,494</u>
	5,206,869	5,191,744
Less amounts required to meet current liabilities	<u>535,110</u>	<u>237,228</u>
	4,671,759	4,954,516
Capital Assets:		
Depreciable capital assets, net	9,115,464	8,966,301
Non-depreciable capital assets	<u>832,943</u>	<u>739,570</u>
	9,948,407	9,705,871
Notes Receivable	<u>439,286</u>	<u>357,857</u>
Total assets	<u>\$ 23,376,833</u>	<u>\$ 22,876,283</u>

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
Current Liabilities:		
Current maturities of long-term debt	\$ 220,921	\$ 216,818
Accounts payable - trade	431,966	403,681
Accounts payable - plant	314,189	20,410
Accrued employee compensation	1,397,682	1,160,051
Deferred grant revenue	14,144	--
Estimated third-party payor settlements	193,000	476,000
Deferred revenue for succeeding year property tax receivable	<u>1,501,000</u>	<u>1,198,000</u>
Total current liabilities	<u>4,072,902</u>	<u>3,474,960</u>
Long-Term Debt:		
Note payable, less current maturities	140,741	162,963
Capital lease obligations, less current maturities	<u>446,657</u>	<u>648,509</u>
Total long-term debt	<u>587,398</u>	<u>811,472</u>
Total liabilities	4,660,300	4,286,432
Net Assets:		
Invested in capital assets, net of related debt	8,825,899	8,657,171
Restricted	387,485	397,494
Unrestricted	<u>9,503,149</u>	<u>9,535,186</u>
Total net assets	<u>18,716,533</u>	<u>18,589,851</u>
Total liabilities and net assets	<u>\$ 23,376,833</u>	<u>\$ 22,876,283</u>

GREENE COUNTY MEDICAL CENTER
Statements of Revenues, Expenses and Changes in Net Assets
Year ended June 30,

	<u>2011</u>	<u>2010</u>
Revenue:		
Net patient service revenue	\$ 17,741,073	\$ 16,890,188
Other revenue	<u>298,592</u>	<u>289,192</u>
Total revenue	18,039,665	17,179,380
Expenses:		
Nursing service	5,309,419	5,099,412
Other professional service	6,723,769	6,201,212
General service	2,621,647	2,544,183
Fiscal and administrative service	4,314,903	3,894,334
Provision for depreciation	<u>1,522,992</u>	<u>1,378,998</u>
Total expenses	<u>20,492,730</u>	<u>19,118,139</u>
Operating Loss	(2,453,065)	(1,938,759)
Non-Operating Revenues (Expenses):		
County taxes	1,238,074	1,108,020
Noncapital grants and contributions	924,429	398,843
Investment income	39,897	71,437
Interest expense	<u>(16,183)</u>	<u>(11,721)</u>
Non-operating revenues, net	<u>2,186,217</u>	<u>1,566,579</u>
Excess of Expenses Over Revenues Before Capital Grants and Contributions, and Scholarship Distributions	(266,848)	(372,180)
Capital Grants and Contributions	407,530	478,286
Medical Occupation Scholarship Distributions	<u>(14,000)</u>	<u>(26,250)</u>
Increase in Net Assets	126,682	79,856
Net Assets Beginning of Year	<u>18,589,851</u>	<u>18,509,995</u>
Net Assets End of Year	<u>\$ 18,716,533</u>	<u>\$ 18,589,851</u>

The accompanying notes are an integral part of these statements.

GREENE COUNTY MEDICAL CENTER
Statements of Cash Flows
Year ended June 30,

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from patients and third-party payors	\$ 17,746,145	\$ 16,753,967
Cash paid to suppliers	(9,514,295)	(8,571,030)
Cash paid to employees	(9,285,685)	(8,985,993)
Other revenue	<u>298,592</u>	<u>289,192</u>
Net cash used in operating activities	(755,243)	(513,864)
Cash flows from non-capital financing activities:		
County tax revenue	1,238,074	1,108,020
Noncapital grants and contributions	<u>938,573</u>	<u>398,843</u>
Net cash provided by non-capital financing activities	2,176,647	1,506,863
Cash flows from capital and related financing activities:		
Capital grants and contributions	407,530	478,286
Capital expenditures	(387,226)	(815,219)
Construction in progress expenditures	(1,084,523)	(682,487)
Principal paid on note payable	(22,222)	(14,815)
Principal paid on capital leases	(197,749)	(138,502)
Interest paid	<u>(16,183)</u>	<u>(11,721)</u>
Net cash used in capital and related financing activities	(1,300,373)	(1,184,458)
Cash flows from investing activities:		
Medical occupation scholarship distributions	(14,000)	(26,250)
Change in notes receivable	(155,000)	(30,000)
Change in designated and restricted assets	359	(6,769)
Investment income	<u>39,897</u>	<u>71,437</u>
Net cash provided by (used in) investing activities	(128,744)	8,418
Net decrease in cash and cash equivalents	(7,713)	(183,041)
Cash and cash equivalents at beginning of year	<u>3,730,632</u>	<u>3,913,673</u>
Cash and cash equivalents at end of year	<u>\$ 3,722,919</u>	<u>\$ 3,730,632</u>

(continued next page)

GREENE COUNTY MEDICAL CENTER
Statements of Cash Flows - Continued
Year ended June 30,

	<u>2011</u>	<u>2010</u>
Reconciliation of cash and cash equivalents to the balance sheets:		
Cash in current assets	\$ 1,898,477	\$ 1,921,674
Cash and cash equivalents in designated and restricted assets	<u>1,824,442</u>	<u>1,808,958</u>
Total cash and cash equivalents	<u>\$ 3,722,919</u>	<u>\$ 3,730,632</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$(2,453,065)	\$(1,938,759)
Adjustments to reconcile operating loss to net cash used in operating activities		
Provision for depreciation	1,522,992	1,378,998
Amortization of notes receivable	73,571	58,571
Change in assets and liabilities		
Accounts receivable	288,072	(290,221)
Inventory	(10,351)	(1,987)
Prepaid expense	(159,378)	(53,494)
Accounts payable - trade	28,285	128,286
Accrued employee compensation	237,631	50,742
Estimated third-party payor settlements	<u>(283,000)</u>	<u>154,000</u>
Total adjustments	<u>1,697,822</u>	<u>1,424,895</u>
Net cash used in operating activities	<u>\$(755,243)</u>	<u>\$(513,864)</u>

Non-Cash Transactions:

The Hospital also incurred the following non-cash transactions in addition to the transactions reflected in the reconciliation of operating loss to net cash used in operating activities:

	<u>2011</u>	<u>2010</u>
Capital leases were entered into for the purchase of equipment	<u>\$ --</u>	<u>\$ 525,834</u>

The accompanying notes are an integral part of these statements.

GREENE COUNTY MEDICAL CENTER
Notes to Financial Statements
June 30, 2011 and 2010

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES

1. Reporting Entity

Greene County Medical Center (the Hospital) is a critical access county hospital which provides inpatient, outpatient, long-term care, and other related healthcare services. The Hospital is organized under Chapter 347 of the Code of Iowa, accordingly is a political subdivision of the State of Iowa, and is therefore exempt from federal and state income taxes. It is governed by a seven member board of trustees elected for six year terms. The Hospital has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Hospital are such that exclusion would cause the Hospital's financial statements to be misleading or incomplete. The criteria for determining financial accountability include: appointing a majority of an organization's governing body, and (a) the Hospital's ability to impose its will on that organization, or (b) the potential for the organization to provide benefits to or impose financial burdens on the Hospital. The Hospital has identified one component unit: Greene County Medical Center Foundation (the Foundation). Substantially all of the economic resources of the Foundation are designated for the direct benefit of the Hospital. The Hospital received \$222,781 in contributions from the Foundation during the year ended June 30, 2011 (\$204,501 in 2010). Blending of the Foundation with the Hospital would result in an increase in total net assets of approximately \$2,631,000 (\$1,769,000 in 2010) and an increase in the change in net assets of approximately \$862,000 (\$111,000 decrease in 2010) for the year ended June 30, 2011.

2. Enterprise Fund Accounting

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), that do not conflict with or contradict GASB pronouncements.

3. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less, including designated and restricted assets.

GREENE COUNTY MEDICAL CENTER
Notes to Financial Statements
June 30, 2011 and 2010

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES - Continued

5. Inventory Valuation

Inventory is valued at the lower of cost (first-in, first-out method) or market.

6. Investments

Investments are reported at fair value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are carried at amortized cost. Interest, dividends, and gains and losses, both realized and unrealized, on investments are included in non-operating revenue when earned, unless restricted by donor or law.

7. Capital Assets

The Hospital's capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. Capital assets with lives in excess of one year and cost in excess of \$5,000 are capitalized. These capital assets, other than land, are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using their estimated useful lives (fifteen to forty years for buildings and land improvements and two to twenty years for equipment).

8. Costs of Borrowing

Except for capital assets acquired through gifts, contributions, or capital grants, interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The Hospital did not capitalize any interest cost in either 2011 or 2010.

9. Compensated Absences

Hospital employees earn paid time off hours at varying rates depending on years of service. Paid time off accumulates to a maximum of 480 hours. Paid time off benefits stop accruing once the maximum hours are reached. The computed amount of paid time off earned by year end is recorded as part of accrued employee compensation.

10. Operating Revenues and Expenses

The Hospital's statement of revenues, expenses and changes in net assets distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services - the Hospital's principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

GREENE COUNTY MEDICAL CENTER
Notes to Financial Statements
June 30, 2011 and 2010

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES - Continued

11. Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

12. Property Tax Levy

Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied. Property tax revenue is reported as non-operating revenue when collected by the County Treasurer.

13. Grants and Contributions

Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

14. Endowments

Endowments are provided to the Hospital on a voluntary basis by individuals and private organizations. *Permanent* endowments require that the principal or corpus of the endowment be retained in perpetuity. If a donor has not provided specific instructions, law permits the Board of Trustees to authorize for expenditure the net appreciation of the investments of endowment funds, as discussed in Note C.

15. Restricted Resources

Use of restricted or unrestricted resources for individual projects is determined by the Hospital Board of Trustees based on the facts regarding each specific situation.

GREENE COUNTY MEDICAL CENTER
Notes to Financial Statements
June 30, 2011 and 2010

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES - Continued

16. Net Assets

Net assets of the Hospital are classified in three components. *Net assets invested in capital assets net of related debt* consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net assets* are noncapital net assets that must be used for a particular purpose or permanent endowments, as specified by creditors, grantors, or contributors external to the Hospital. *Unrestricted net assets* are remaining net assets that do not meet the definition of *invested in capital assets net of related debt or restricted*.

17. Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Revenue from services to these patients is automatically recorded in the accounting system at the established rates, but the Hospital does not pursue collection of the amounts. The resulting adjustments are recorded as bad debts or charity service depending on the timing of the charity determination.

NOTE B - THIRD-PARTY PAYOR ARRANGEMENTS

A summary of the payment arrangements with major third-party payors follows:

Medicare and Medicaid - Inpatient services and most outpatient services related to program beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for the cost of services at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the fiscal intermediaries. The Hospital's Medicare cost reports have been audited and finalized by the fiscal intermediaries through June 30, 2010. The Hospital's Medicaid cost reports have been audited and finalized by the fiscal intermediaries through June 30, 2009. However, finalized cost reports are subject to re-opening by the intermediaries within three years after the date of finalization. Outpatient services not paid based on a cost reimbursement methodology are paid based on a prospectively determined fee schedule.

The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

GREENE COUNTY MEDICAL CENTER
Notes to Financial Statements
June 30, 2011 and 2010

NOTE C - ENDOWMENTS AND RESTRICTED NET ASSETS

Restricted expendable net assets are available for the following purposes:

	<u>2011</u>	<u>2010</u>
Healthcare occupation student loans and scholarships	\$ <u>112,485</u>	\$ <u>122,494</u>

Unless the contributor provides specific instructions, law permits the Hospital Board of Trustees to authorize for expenditure the net appreciation (realized and unrealized) of the investments in its endowments. When administering its power to spend net appreciation, the Board of Trustees is required to consider the Hospital's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions. Any net appreciation that is spent is required to be spent for the purposes designated by the contributor.

The Board of Trustees has chosen to spend the investment income and appreciation on the endowment fund while maintaining adequate amounts of earnings to maintain the principal original value. Any decreases in principal value will be replaced by retaining income in future years to return the principal to its original value.

Restricted nonexpendable net assets as of June 30, 2011 and 2010 represent the principal amounts of permanent endowments, restricted to investment in perpetuity. Investment earnings from the Hospital's permanent endowments are expendable to support these programs as established by the contributor:

	<u>2011</u>	<u>2010</u>
Healthcare occupation student loans and scholarships	\$ <u>275,000</u>	\$ <u>275,000</u>

Following is a summary of the use of temporarily restricted net assets during the year ended June 30:

	<u>2011</u>	<u>2010</u>
Purchase of property and equipment	\$ 407,530	\$ 478,286
Medical occupation scholarships	<u>14,000</u>	<u>26,250</u>
	\$ <u>421,530</u>	\$ <u>504,536</u>

GREENE COUNTY MEDICAL CENTER
Notes to Financial Statements
June 30, 2011 and 2010

NOTE D - DESIGNATED NET ASSETS

Of the \$9,503,149 (\$9,535,186 as of June 30, 2010) of unrestricted net assets as of June 30, 2011, \$4,819,384 (\$4,794,250 for 2010) has been designated by the Hospital's Board of Trustees for purposes indicated in the following schedule. These assets remain under the control of the Board of Trustees, which may, at its discretion, later use the funds for other purposes.

	<u>2011</u>	<u>2010</u>
Capital acquisitions	\$ 4,819,384	\$ 4,794,250

NOTE E - DEPOSITS AND INVESTMENTS

The Hospital's deposits at June 30, 2011 were entirely covered by federal depository insurance or the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. Investments are stated as indicated in Note A.

The Hospital is authorized by statute to invest public funds in obligations of the United States Government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The composition of designated and restricted assets is as follows:

	<u>2011</u>	<u>2010</u>
Internally Designated Assets:		
Cash and cash equivalents	\$ 1,800,000	\$ 1,776,399
Certificates of deposit	3,016,615	3,014,429
Interest receivable	<u>2,769</u>	<u>3,422</u>
	<u>\$ 4,819,384</u>	<u>\$ 4,794,250</u>
Restricted Assets:		
Cash and cash equivalents	\$ 24,442	\$ 32,559
Certificates of deposit	270,867	270,000
Notes receivable	91,614	94,806
Interest receivable	<u>562</u>	<u>129</u>
	<u>\$ 387,485</u>	<u>\$ 397,494</u>

The Hospital's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the Hospital.

GREENE COUNTY MEDICAL CENTER
Notes to Financial Statements
June 30, 2011 and 2010

NOTE F - ACCOUNTS RECEIVABLE AND CONCENTRATION OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2011 and 2010, was as follows:

	<u>2011</u>	<u>2010</u>
Receivable from:		
Patients	\$ 2,488,884	\$ 2,692,376
Medicare	1,060,701	1,183,138
Medicaid	277,359	270,405
Wellmark	627,144	396,735
Other commercial insurance carriers	<u>411,205</u>	<u>313,519</u>
	4,865,293	4,856,173
Less allowances for doubtful accounts and contractual adjustments	<u>1,398,235</u>	<u>1,258,245</u>
	<u>\$ 3,467,058</u>	<u>\$ 3,597,928</u>

NOTE G - CAPITAL ASSETS

Capital assets, additions, disposals and balances for the years ended June 30, 2011 and 2010 were as follows:

<u>Cost</u>	<u>Balance 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 2011</u>
Land Improvements	\$ 580,401	\$ 6,532	\$ --	\$ 586,933
Buildings	7,666,797	51,647	--	7,718,444
Fixed Equipment	8,114,901	939,625	--	9,054,526
Major Movable Equipment	<u>5,275,916</u>	<u>674,351</u>	--	<u>5,950,267</u>
	21,638,015	1,672,155	--	23,310,170
<u>Depreciation</u>				
Land Improvements	398,863	16,996	--	415,859
Buildings	4,312,820	235,654	--	4,548,474
Fixed Equipment	5,710,870	373,512	--	6,084,382
Major Movable Equipment	<u>2,249,161</u>	<u>896,830</u>	--	<u>3,145,991</u>
Total Depreciation	<u>12,671,714</u>	<u>1,522,992</u>	--	<u>14,194,706</u>
Depreciable Capital Assets, Net	<u>\$ 8,966,301</u>	<u>\$ 149,163</u>	<u>\$ --</u>	<u>\$ 9,115,464</u>
Land	\$ 36,673	\$ --	\$ --	\$ 36,673
Construction in Progress	<u>702,897</u>	<u>1,348,269</u>	<u>1,254,896</u>	<u>796,270</u>
Total Non-Depreciable Capital Assets	<u>\$ 739,570</u>	<u>\$ 1,348,269</u>	<u>\$ 1,254,896</u>	<u>\$ 832,943</u>

GREENE COUNTY MEDICAL CENTER
Notes to Financial Statements
June 30, 2011 and 2010

NOTE G - CAPITAL ASSETS - Continued

<u>Cost</u>	<u>Balance 2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 2010</u>
Land Improvements	\$ 554,143	\$ 26,258	\$ --	\$ 580,401
Buildings	7,636,640	30,157	--	7,666,797
Fixed Equipment	8,115,198	--	297	8,114,901
Major Movable Equipment	<u>4,605,797</u>	<u>1,284,638</u>	<u>614,519</u>	<u>5,275,916</u>
	20,911,778	1,341,053	614,816	21,638,015
<u>Depreciation</u>				
Land Improvements	382,273	16,590	--	398,863
Buildings	4,066,008	246,812	--	4,312,820
Fixed Equipment	5,359,885	351,282	297	5,710,870
Major Movable Equipment	<u>2,099,366</u>	<u>764,314</u>	<u>614,519</u>	<u>2,249,161</u>
Total Depreciation	<u>11,907,532</u>	<u>1,378,998</u>	<u>614,816</u>	<u>12,671,714</u>
Depreciable Capital Assets, Net	<u>\$ 9,004,246</u>	<u>\$ (37,945)</u>	<u>\$ --</u>	<u>\$ 8,966,301</u>
Land	\$ 36,673	\$ --	\$ --	\$ 36,673
Construction in Progress	<u>--</u>	<u>702,897</u>	<u>--</u>	<u>702,897</u>
Total Non-Depreciable Capital Assets	<u>\$ 36,673</u>	<u>\$ 702,897</u>	<u>\$ --</u>	<u>\$ 739,570</u>

NOTE H - NON-CURRENT LIABILITIES

A schedule of changes in the Hospital's non-current liabilities for the years ended June 30, 2011 and 2010 follows:

	<u>Balance 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2011</u>	<u>Current Portion</u>
Long-Term Debt:					
Rural Economic Development Loan	\$ 185,185	\$ --	\$ 22,222	\$ 162,963	\$ 22,222
Capital Lease Obligations	<u>843,105</u>	<u>--</u>	<u>197,749</u>	<u>645,356</u>	<u>198,699</u>
Total of Non-Current Liabilities	<u>\$1,028,290</u>	<u>\$ --</u>	<u>\$ 219,971</u>	<u>\$ 808,319</u>	<u>\$ 220,921</u>

GREENE COUNTY MEDICAL CENTER
Notes to Financial Statements
June 30, 2011 and 2010

NOTE H - NON-CURRENT LIABILITIES - Continued

	<u>Balance 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2010</u>	<u>Current Portion</u>
Long-Term Debt:					
Rural Economic Development Loan	\$ 200,000	\$ --	\$ 14,815	\$ 185,185	\$ 22,222
Capital Lease Obligations	<u>455,773</u>	<u>525,834</u>	<u>138,502</u>	<u>843,105</u>	<u>194,596</u>
Total of Non-Current Liabilities	<u>\$ 655,773</u>	<u>\$ 525,834</u>	<u>\$ 153,317</u>	<u>\$ 1,028,290</u>	<u>\$ 216,818</u>

In October, 2008, the Hospital borrowed \$200,000 through the Midland Power Cooperative under the Rural Economic Development Loan and Grant Program. The loan is non-interest bearing and is due in monthly installments of \$1,852 for 108 months commencing October, 2009. The loan is collateralized by the Hospital's net revenues.

The combined annual debt service on the loan and capital lease obligations is expected to require less than 16% of cash flow available for debt service. For the current year, debt service and cash flow available for debt service were approximately \$236,000 and \$1,666,000 respectively.

Assets recorded under capital leases consist of major movable equipment items with totals as follows:

	<u>2011</u>	<u>2010</u>
Cost	\$ 999,564	\$ 999,564
Less: Accumulated Amortization	<u>344,071</u>	<u>141,203</u>
Net Book Value	<u>\$ 655,493</u>	<u>\$ 858,361</u>

Scheduled principal and interest repayments on long-term debt are as follows:

Year ending June 30,	<u>Long-Term Debt</u>		<u>Capital Leases</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2012	\$ 22,222	\$ --	\$ 198,699	\$ 11,896	\$ 232,817
2013	22,222	--	202,829	7,765	232,816
2014	22,222	--	178,737	3,666	204,625
2015	22,222	--	65,091	592	87,905
2016	22,222	--	--	--	22,222
2017-2019	<u>51,853</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>51,853</u>
	<u>\$ 162,963</u>	<u>\$ --</u>	<u>\$ 645,356</u>	<u>\$ 23,919</u>	<u>\$ 832,238</u>

GREENE COUNTY MEDICAL CENTER
Notes to Financial Statements
June 30, 2011 and 2010

NOTE I - PENSION AND RETIREMENT BENEFITS

The Hospital contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.50% (5.38% beginning July 1, 2011) of their annual salary and the Hospital is required to contribute 6.95% (8.07% beginning July 1, 2011) of annual covered payroll. Contribution requirements are established by State statute. The Hospital's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009, were approximately \$658,500, \$583,200, and \$523,100, respectively, equal to the required contributions for each year.

NOTE J - COMMITMENTS AND CONTINGENCIES

Risk Management

The Hospital is insured by a claims-made policy for protection against liability claims resulting from professional services provided or which should have been provided. Management believes that the malpractice insurance coverage is adequate to cover all asserted and any unasserted claims, therefore no related liability has been accrued. Greene County Medical Center is exposed to various other common business risks for which it is covered by commercial insurance. Settled claims from these risks have not exceeded insurance coverage during the past three years.

Construction in Progress

At June 30, 2011, the Hospital had incurred costs totaling \$61,675 related to a master plan for the Hospital facility. This project is still in the investigation stages with no commitments existing as of the date of this report.

As of June 30, 2011, the Hospital has also entered into separate agreements to purchase various equipment items. The total estimated cost of all the equipment is \$1,637,000. At June 30, 2011, costs incurred on the equipment totaled \$734,595, and is included in construction in progress on the Hospital's financial statements. Funding for the equipment is being provided by grant funds and funds generated internally.

Notes Receivable

The notes receivable represent funds advanced under agreements with healthcare professionals now practicing in the Jefferson community. The funds were partially provided by Greene County Medical Center Foundation through a grant to the Hospital. The agreements include commitments by the healthcare professionals to provide medical services in the community for a specified period of years. In exchange for the commitments of time and services, the Hospital will forgive the notes over the terms of the commitments.

GREENE COUNTY MEDICAL CENTER
Notes to Financial Statements
June 30, 2011 and 2010

NOTE J - COMMITMENTS AND CONTINGENCIES - Continued

Other Post Employment Benefits (OPEB)

Plan Description: As required by state law, the Hospital offers health insurance to former employees who have retired after age 55, but have not reached Medicare eligibility. The fully insured plan is a part of the plan offered to all Hospital employees, and the retiree must pay a health insurance premium equal to that charged for current employees. There are 170 active employees and 4 retirees currently covered by the plan.

Potential for Liability: A review of the Hospital's current and potential future exposure to this requirement resulted in the conclusion that no material liability exists. Therefore no liability has been recorded.

Subsequent Event

The Hospital has evaluated all subsequent events through December 2, 2011, the date the financial statements were available to be issued.

* * *

REQUIRED SUPPLEMENTARY INFORMATION

GREENE COUNTY MEDICAL CENTER
Budgetary Comparison Schedule
Year ended June 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Auditing Standards. In accordance with the Code of Iowa, the Board of Trustees annually adopts a budget following required public notice and hearings. The annual budget may be amended during the year utilizing similar statutorily-prescribed procedures. The following is a reconciliation between reported amounts and the modified accrual basis used to prepare the budget. The adjustments result from accounting for interest, amortization, general obligation bond payments, capital expenditures, restricted fund expenditures, and net assets differently for financial statement and budget purposes.

	Per Financial Statements		
	Unrestricted Fund	Restricted Fund	Total
Amount raised by taxation	\$ 1,238,074	\$ --	\$ 1,238,074
Other revenues	19,128,290	267,048	19,395,338
Transfers in (out)	<u>263,057</u>	<u>(263,057)</u>	<u>--</u>
	20,629,421	3,991	20,633,412
Expenses	<u>20,492,730</u>	<u>14,000</u>	<u>20,506,730</u>
Net	136,691	(10,009)	126,682
Balance beginning of year	<u>18,192,357</u>	<u>397,494</u>	<u>18,589,851</u>
Balance end of year	<u>\$ 18,329,048</u>	<u>\$ 387,485</u>	<u>\$ 18,716,533</u>

	Total Per Financial Statements	Budget Adjustments	Budget Basis	Adopted Budget
Amount raised by taxation	\$ 1,238,074	\$ 251,640	\$ 1,489,714	\$ 1,468,960
Other revenues	<u>19,395,338</u>	<u>339,531</u>	<u>19,734,869</u>	<u>41,090,356</u>
	20,633,412	591,171	21,224,583	42,559,316
Expenses	<u>20,506,730</u>	<u>2,283,128</u>	<u>22,789,858</u>	<u>43,889,327</u>
Net	126,682	(1,691,957)	(1,565,275)	(1,330,011)
Balance beginning of year	<u>18,589,851</u>	<u>(89,708)</u>	<u>18,500,143</u>	<u>18,500,143</u>
Balance end of year	<u>\$ 18,716,533</u>	<u>\$ (1,781,665)</u>	<u>\$ 16,934,868</u>	<u>\$ 17,170,132</u>

See Independent Auditor's Report.

SUPPLEMENTARY INFORMATION

GREENE COUNTY MEDICAL CENTER
Patient Receivables
June 30,

Analysis of Aging:

<u>Days Since Discharge</u>	<u>2011</u>		<u>2010</u>	
	<u>Amount</u>	<u>Percent to Total</u>	<u>Amount</u>	<u>Percent to Total</u>
0 - 30	\$ 1,899,693	39.0%	\$ 2,131,865	43.9%
31 - 60	566,875	11.7	376,226	7.7
61 - 90	230,609	4.7	193,420	4.0
91 - 120	160,807	3.3	143,368	3.0
120 and over	<u>2,007,309</u>	<u>41.3</u>	<u>2,011,294</u>	<u>41.4</u>
	4,865,293	<u>100.0%</u>	4,856,173	<u>100.0%</u>
Allowance for doubtful accounts	981,235		974,245	
Allowance for contractual adjustments	<u>417,000</u>		<u>284,000</u>	
	<u>\$ 3,467,058</u>		<u>\$ 3,597,928</u>	

Allowance for Doubtful Accounts:

	<u>Year ended June 30,</u>	
	<u>2011</u>	<u>2010</u>
Balance, beginning	\$ 974,245	\$1,004,616
Provision for bad debts	744,302	604,428
Recoveries of accounts previously written off	<u>40,411</u>	<u>33,612</u>
	1,758,958	1,642,656
Accounts written off	<u>777,723</u>	<u>668,411</u>
Balance, ending	<u>\$ 981,235</u>	<u>\$ 974,245</u>

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER
Inventory/Prepaid Expense
June 30,

	<u>2011</u>	<u>2010</u>
<u>Inventory</u>		
Medical and surgical	\$ 101,423	\$ 99,389
Dietary	8,079	7,160
Pharmacy	75,951	64,880
Laboratory and radiology	50,115	53,686
Maintenance	<u>18,335</u>	<u>18,437</u>
	<u>\$ 253,903</u>	<u>\$ 243,552</u>
 <u>Prepaid Expense</u>		
Health insurance	\$ 151,507	\$ 130,434
Other insurance	184,870	156,578
Service contracts and dues	<u>224,304</u>	<u>114,291</u>
	<u>\$ 560,681</u>	<u>\$ 401,303</u>

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER
Patient Service Revenue
Year ended June 30,

	2011		
	<u>Inpatient</u>	<u>Outpatient</u>	<u>Swing Bed</u>
Daily Patient Services:			
Medical, surgical and obstetric	\$ 1,261,976	\$ 188,873	\$ 466,577
Long-term care	--	--	40,579
Coronary care	132,800	--	--
Nursery	44,044	--	--
	<u>1,438,820</u>	<u>188,873</u>	<u>507,156</u>
Other Nursing Services:			
Operating room	417,686	1,654,978	7,726
Delivery and labor rooms	61,122	40,670	--
Central services and supply	615,657	502,872	63,313
Emergency service	172,634	1,106,603	493
Cardiac rehabilitation	728	156,970	1,729
Treatment room	454	170,635	--
	<u>1,268,281</u>	<u>3,632,728</u>	<u>73,261</u>
Other Professional Services:			
Emergency room physicians	37,496	348,167	--
Anesthesiology	121,958	377,043	3,011
Laboratory	326,813	2,668,875	62,705
Radiology	67,981	1,509,545	14,836
Nuclear medicine	142,966	1,450,428	8,236
Pharmacy	839,073	1,173,660	412,637
Electrocardiology	22,848	74,389	644
Physical therapy	28,898	599,139	63,145
Inhalation therapy	205,783	584,465	34,579
Diabetic education	--	80,785	--
Speech therapy	2,618	8,889	6,715
Occupational therapy	17,429	116,824	57,670
Physician clinic	--	740,301	--
Public health	--	703,960	--
	<u>1,813,863</u>	<u>10,436,470</u>	<u>664,178</u>
	<u>\$ 4,520,964</u>	<u>\$ 14,258,071</u>	<u>\$ 1,244,595</u>

See Independent Auditor's Report.

2011		2010
LTC	Total	Total
\$ --	\$ 1,917,426	\$ 1,912,385
2,953,243	2,993,822	2,994,801
--	132,800	58,460
--	44,044	62,130
<u>2,953,243</u>	<u>5,088,092</u>	<u>5,027,776</u>
--	2,080,390	1,692,153
--	101,792	101,417
76,123	1,257,965	768,631
--	1,279,730	1,212,637
--	159,427	155,720
--	171,089	126,875
<u>76,123</u>	<u>5,050,393</u>	<u>4,057,433</u>
--	385,663	401,221
--	502,012	481,159
--	3,058,393	2,881,583
--	1,592,362	1,355,770
--	1,601,630	1,697,396
15	2,425,385	2,388,556
--	97,881	90,389
--	691,182	480,979
76	824,903	950,542
--	80,785	76,848
--	18,222	3,208
--	191,923	165,370
--	740,301	317,458
--	703,960	620,237
<u>91</u>	<u>12,914,602</u>	<u>11,910,716</u>
<u>\$ 3,029,457</u>	<u>\$ 23,053,087</u>	<u>\$ 20,995,925</u>

GREENE COUNTY MEDICAL CENTER
Revenue and Related Adjustments
Year ended June 30,

	<u>2011</u>	<u>2010</u>
<u>Net Patient Service Revenue</u>		
Patient service revenue	\$ 23,053,087	\$ 20,995,925
Contractual adjustments	(4,411,479)	(3,415,681)
Provision for bad debts	(744,302)	(604,428)
Public health adjustments	(23,235)	(27,414)
Charity care	(212,656)	(122,926)
Adjustments to long-term care revenue	<u>79,658</u>	<u>64,712</u>
	<u>\$ 17,741,073</u>	<u>\$ 16,890,188</u>
 <u>Other Revenue</u>		
Meals sold	\$ 98,782	\$ 96,959
Public health revenue	82,133	87,584
Rental income	78,558	80,230
Ever Greene Ridge operations	(22,045)	(13,900)
Ancillary service coverage revenue	11,460	22,446
Purchase discounts	41,989	593
Medical record transcripts	4,275	5,499
Sale of x-ray film	678	4,623
In-service revenue	1,175	1,320
Miscellaneous	<u>1,587</u>	<u>3,838</u>
	<u>\$ 298,592</u>	<u>\$ 289,192</u>

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER
Nursing Service Expenses
Year ended June 30,

	<u>2011</u>	<u>2010</u>
Administrative:		
Salaries and wages	\$ 162,064	\$ 160,077
Employee benefits	26,922	27,085
Supplies and other expense	<u>2,828</u>	<u>2,129</u>
	191,814	189,291
Education:		
Supplies and other expense	1,494	1,776
Medical and Surgical:		
Salaries and wages	1,314,065	1,250,314
Employee benefits	183,503	176,745
Professional fees	--	11,706
Supplies and other expense	<u>135,231</u>	<u>122,510</u>
	1,632,799	1,561,275
Long-Term Care:		
Salaries and wages	1,210,639	1,248,913
Employee benefits	165,873	165,856
Supplies and other expense	<u>77,666</u>	<u>85,421</u>
	1,454,178	1,500,190
Coronary Care:		
Salaries and wages	11,071	1,120
Employee benefits	1,572	154
Professional fees	--	1,697
Supplies and other expense	<u>4,325</u>	<u>4,299</u>
	16,968	7,270
Obstetric:		
Salaries and wages	125,244	110,601
Employee benefits	17,950	16,204
Professional fees	--	141,477
Supplies and other expense	<u>25,968</u>	<u>29,681</u>
	169,162	297,963
Nursery:		
Salaries and wages	8,804	7,224
Employee benefits	<u>1,265</u>	<u>1,007</u>
	10,069	8,231
Operating Room:		
Salaries and wages	329,453	274,263
Employee benefits	45,228	36,748
Supplies and other expense	<u>820,763</u>	<u>531,743</u>
	1,195,444	842,754

(continued next page)

GREENE COUNTY MEDICAL CENTER
Nursing Service Expenses - Continued
Year ended June 30,

	<u>2011</u>	<u>2010</u>
Delivery and Labor Rooms:		
Salaries and wages	\$ 7,052	\$ 5,194
Employee benefits	<u>1,015</u>	<u>722</u>
	8,067	5,916
Central Services and Supply:		
Salaries and wages	166,464	164,820
Employee benefits	24,906	22,085
Supplies and other expense	<u>12,815</u>	<u>7,329</u>
	204,185	194,234
Emergency Service:		
Salaries and wages	253,765	241,034
Employee benefits	36,264	27,250
Professional fees	--	81,017
Supplies and other expense	<u>47,434</u>	<u>47,121</u>
	337,463	396,422
Eldercare:		
Salaries and wages	23,130	32,849
Employee benefits	4,187	4,309
Supplies and other expense	<u>1,016</u>	<u>878</u>
	28,333	38,036
Cardiac Rehabilitation:		
Salaries and wages	26,028	26,606
Employee benefits	3,779	3,922
Supplies and other expense	<u>7,390</u>	<u>6,908</u>
	37,197	37,436
Treatment Room:		
Salaries and wages	18,738	15,223
Employee benefits	2,735	2,177
Supplies and other expense	<u>773</u>	<u>1,218</u>
	<u>22,246</u>	<u>18,618</u>
	<u>\$ 5,309,419</u>	<u>\$ 5,099,412</u>

SUMMARY

Salaries and wages	\$ 3,656,517	\$ 3,538,238
Employee benefits	515,199	484,264
Professional fees	--	235,897
Supplies and other expense	<u>1,137,703</u>	<u>841,013</u>
	<u>\$ 5,309,419</u>	<u>\$ 5,099,412</u>

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER
Other Professional Service Expenses
Year ended June 30,

	<u>2011</u>	<u>2010</u>
Emergency Room Physicians:		
Professional fees	\$ 735,664	\$ 702,826
Anesthesiology:		
Professional fees	301,996	297,449
Supplies and other expense	<u>40,227</u>	<u>29,557</u>
	342,223	327,006
Laboratory:		
Salaries and wages	329,825	332,902
Employee benefits	45,249	45,461
Professional fees	2,888	3,763
Purchased services	115,291	101,798
Supplies and other expense	<u>333,597</u>	<u>328,211</u>
	826,850	812,135
Radiology:		
Salaries and wages	343,953	357,455
Employee benefits	48,868	50,822
Supplies and other expense	<u>214,562</u>	<u>148,026</u>
	607,383	556,303
Nuclear Medicine:		
Purchased services	103,225	207,662
Supplies and other expense	<u>26,789</u>	<u>20,355</u>
	130,014	228,017
Pharmacy:		
Salaries and wages	228,268	214,996
Employee benefits	31,749	30,151
Drugs	318,762	337,838
Supplies and other expense	<u>63,379</u>	<u>48,399</u>
	642,158	631,384
Electrocardiology:		
Salaries and wages	9,688	9,348
Employee benefits	1,339	1,337
Professional fees	7,284	7,044
Supplies and other expense	<u>--</u>	<u>271</u>
	18,311	18,000

(continued next page)

GREENE COUNTY MEDICAL CENTER
Other Professional Service Expenses - Continued
Year ended June 30,

	<u>2011</u>	<u>2010</u>
Physical Therapy:		
Salaries and wages	\$ 316,573	\$ 276,902
Employee benefits	49,671	42,548
Professional fees	1,736	2,094
Supplies and other expense	<u>20,308</u>	<u>16,633</u>
	388,288	338,177
Inhalation Therapy:		
Salaries and wages	150,326	154,312
Employee benefits	21,292	20,668
Oxygen	32,730	31,710
Supplies and other expense	<u>141,283</u>	<u>124,679</u>
	345,631	331,369
Diabetic Education:		
Salaries and wages	123,212	116,282
Employee benefits	16,349	17,117
Supplies and other expense	<u>4,366</u>	<u>5,567</u>
	143,927	138,966
Speech Therapy:		
Supplies and other expense	9,740	861
Occupational Therapy:		
Salaries and wages	44,051	44,961
Employee benefits	6,134	6,060
Supplies and other expense	<u>3,791</u>	<u>1,683</u>
	53,976	52,704
Physician Clinic:		
Salaries and wages	748,026	463,139
Employee benefits	61,529	48,313
Supplies and other expense	<u>270,502</u>	<u>97,543</u>
	1,080,057	608,995
Public Health:		
Salaries and wages	845,594	857,368
Employee benefits	111,995	110,806
Professional fees	800	4,804
Supplies and other expense	<u>114,651</u>	<u>105,299</u>
	1,073,040	1,078,277

(continued next page)

GREENE COUNTY MEDICAL CENTER
Other Professional Service Expenses - Continued
Year ended June 30,

	<u>2011</u>	<u>2010</u>
Medical Records:		
Salaries and wages	\$ 248,768	\$ 286,669
Employee benefits	36,048	39,330
Supplies and other expense	<u>41,691</u>	<u>50,193</u>
	<u>326,507</u>	<u>376,192</u>
	<u>\$ 6,723,769</u>	<u>\$ 6,201,212</u>

SUMMARY

Salaries and wages	\$ 3,388,284	\$ 3,114,334
Employee benefits	430,223	412,613
Professional fees	1,050,368	1,017,980
Supplies and other expense	<u>1,854,894</u>	<u>1,656,285</u>
	<u>\$ 6,723,769</u>	<u>\$ 6,201,212</u>

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER
General Service Expenses
Year ended June 30,

	<u>2011</u>	<u>2010</u>
Dietary:		
Salaries and wages	\$ 553,568	\$ 554,767
Employee benefits	78,421	73,494
Food	314,839	329,905
Supplies and other expense	<u>72,010</u>	<u>60,031</u>
	1,018,838	1,018,197
Housekeeping:		
Salaries and wages	251,957	249,747
Employee benefits	36,407	36,411
Supplies and other expense	<u>78,293</u>	<u>83,135</u>
	366,657	369,293
Laundry and Linen:		
Salaries and wages	126,757	120,778
Employee benefits	16,262	14,684
Supplies and other expense	<u>2,301</u>	<u>6,154</u>
	145,320	141,616
Operation of Plant:		
Salaries and wages	311,169	300,477
Employee benefits	43,625	40,000
Utilities	425,070	408,046
Supplies and other expense	115,623	125,835
Purchased services	<u>195,345</u>	<u>140,719</u>
	1,090,832	1,015,077
	<u>\$ 2,621,647</u>	<u>\$ 2,544,183</u>

SUMMARY

Salaries and wages	\$ 1,243,451	\$ 1,225,769
Employee benefits	174,715	164,589
Supplies and other expense	<u>1,203,481</u>	<u>1,153,825</u>
	<u>\$ 2,621,647</u>	<u>\$ 2,544,183</u>

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER
Fiscal and Administrative Service Expenses
Year ended June 30,

	<u>2011</u>	<u>2010</u>
Fiscal:		
Salaries and wages	\$ 581,367	\$ 578,978
Employee benefits	79,809	76,915
Professional fees	1,323	1,404
Collection fees	44,225	43,760
Supplies and other expense	<u>47,684</u>	<u>48,060</u>
	754,408	749,117
Personnel:		
Salaries and wages	113,493	120,005
Employee benefits	16,171	17,387
Supplies and other expense	<u>19,445</u>	<u>21,532</u>
	149,109	158,924
Administrative:		
Salaries and wages	204,439	188,686
Employee benefits	47,052	46,445
Professional fees	154,162	183,889
Dues	43,758	41,864
Telephone	50,319	51,204
Supplies and other expense	<u>72,879</u>	<u>55,121</u>
	572,609	567,209
Information Systems:		
Salaries and wages	185,416	119,633
Employee benefits	25,297	16,198
Supplies and other expense	<u>500,105</u>	<u>321,710</u>
	710,818	457,541
Medical Care Evaluation:		
Salaries and wages	94,628	95,378
Employee benefits	13,121	12,563
Professional fees	6,404	6,100
Supplies and other expense	<u>3,374</u>	<u>902</u>
	117,527	114,943
Marketing:		
Salaries and wages	55,721	55,714
Employee benefits	8,616	7,066
Supplies and other expense	<u>43,764</u>	<u>38,949</u>
	108,101	101,729

(continued next page)

GREENE COUNTY MEDICAL CENTER
Fiscal and Administrative Service Expenses - Continued
Year ended June 30,

	<u>2011</u>	<u>2010</u>
Insurance:		
Insurance and bonding	\$ 176,115	\$ 127,311
Medical Staff:		
Professional fees	131,250	131,250
Supplies and other expense	<u>92,494</u>	<u>150,432</u>
	223,744	281,682
Employee Welfare:		
Employee insurance	1,297,697	1,159,065
Workers' compensation insurance	161,154	130,906
Other employee benefits	26,535	25,117
Life insurance	<u>17,086</u>	<u>20,790</u>
	1,502,472	1,335,878
	<u>\$ 4,314,903</u>	<u>\$ 3,894,334</u>

SUMMARY

Salaries and wages	\$ 1,235,064	\$ 1,158,394
Employee benefits	1,692,538	1,512,452
Professional fees	293,139	322,643
Supplies and other expense	<u>1,094,162</u>	<u>900,845</u>
	<u>\$ 4,314,903</u>	<u>\$ 3,894,334</u>

SUMMARY OF EXPENSES

Salaries and wages	\$ 9,523,316	\$ 9,036,735
Employee benefits	2,812,675	2,573,918
Professional fees	1,343,507	1,576,520
Supplies and other expense	<u>5,290,240</u>	<u>4,551,968</u>
	<u>\$ 18,969,738</u>	<u>\$ 17,739,141</u>

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Health and Human Services		
Direct Programs		
Health Resources & Services Administration	93.887	HRSA-09-163
Indirect Programs		
Iowa Department of Public Health		
Public Health Emergency Preparedness	93.069	5880BT37
Public Health Emergency Preparedness	93.069	5881BT37
Public Health Emergency Preparedness	93.069	5881BT337
State Rural Hospital Flexibility Program	93.241	5880CA11
I-4 Project (Immunization)	93.268	5880I486
I-4 Project (Immunization)	93.268	5881I486
ARRA-I-4 Project (Immunization)	93.712	5880I486
Hospital Preparedness Program	93.889	5880BHP05
Hospital Preparedness Program	93.889	5881BHP05
Total Iowa Department of Public Health		
Calhoun County Public Health		
Centers for Disease Control & Prevention - Investigations & Technical Assistance	93.283	5880NB04
Centers for Disease Control & Prevention - Investigations & Technical Assistance	93.283	5881NB04
Total Calhoun County Public Health		
Elderbridge Agency on Aging		
Homemaker Services for Seniors	93.044	B21006
Partnership 4 Families		
Early Childhood Funds Under Empowerment	93.558	ACFS-11-010
Webster County Health Department		
Maternal Health	93.994	5881MH31
Child Health	93.994	5881MH31
Total Webster County Public Health		
Total U.S. Department of Health and Human Services		
U.S. Department of Commerce		
Indirect Programs		
Central Iowa Hospital Corporation		
ARRA-Broadband Technology Opportunities Program	11.557	19-43-B10575

Total Expenditures of Federal Awards

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Greene County Medical Center, and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

See accompanying independent auditor's report.

<u>Period of Grant</u>	<u>Federal Expenditures</u>
07/01/09 to 07/01/10	\$ 68,680
08/01/09 to 07/31/10	3,531
08/10/10 to 08/09/11	15,231
08/01/10 to 07/30/11	<u>18,673</u>
	37,435
03/01/10 to 08/31/10	15,074
01/01/10 to 12/31/10	5,799
01/01/11 to 12/31/11	<u>4,030</u>
	9,829
01/01/10 to 12/31/10	5,085
07/01/09 to 06/30/10	14
07/01/10 to 06/30/11	<u>14,870</u>
	<u>14,884</u>
	<u>82,307</u>
06/30/09 to 06/29/10	149
06/30/10 to 06/29/11	<u>1,328</u>
	<u>1,477</u>
07/01/10 to 06/30/11	8,726
07/01/10 to 06/30/11	8,956
10/01/10 to 09/30/11	136
10/01/10 to 09/30/11	<u>2,284</u>
	<u>2,420</u>
	172,566
09/01/10 to 08/31/13	<u>651,217</u>
	<u>\$ 823,783</u>

GREENE COUNTY MEDICAL CENTER
Comparative Statistics
Year ended June 30,

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Acute Care:					
Admissions	478	470	449	433	461
Discharges	476	469	454	430	459
Patient Days	1,476	1,492	1,326	1,387	1,594
Average Length of Stay	3.10	3.18	2.92	3.23	3.47
Average Occupied Beds	4.0	4.1	3.6	3.8	4.4
Swing Bed:					
Admissions	111	146	151	144	139
Discharges	111	147	150	147	145
SNF Days	1,158	1,163	1,017	1,268	1,637
ICF Days	304	175	134	132	141
Combined Average Occupied Beds	8.0	7.8	6.8	7.6	9.2
Nursery Days	77	114	84	125	130
Long-Term Care Patient Days	19,608	20,871	22,316	23,013	23,482
Outpatient Occasions of Service	26,236	24,313	25,166	23,842	24,576

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER
Comparative Balance Sheets
June 30,

	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash	\$ 1,898,477	\$ 1,921,674
Receivables	3,568,210	3,856,282
Inventory	253,903	243,552
Prepaid expense	560,681	401,303
Estimated third-party payor settlements	--	--
Succeeding year property tax receivable	1,501,000	1,198,000
Internally designated assets	<u>535,110</u>	<u>237,228</u>
Total current assets	8,317,381	7,858,039
Other Assets:		
Internally designated and restricted assets, net	4,671,759	4,954,516
Capital assets, net	9,948,407	9,705,871
Notes receivable	<u>439,286</u>	<u>357,857</u>
Total other assets	<u>15,059,452</u>	<u>15,018,244</u>
	<u>\$ 23,376,833</u>	<u>\$ 22,876,283</u>
Current Liabilities:		
Current maturities of long-term debt	\$ 220,921	\$ 216,818
Accounts payable	746,155	424,091
Accrued expenses	1,397,682	1,160,051
Deferred grant revenue	14,144	--
Estimated third-party payor settlements	193,000	476,000
Deferred revenue for succeeding year property tax receivable	<u>1,501,000</u>	<u>1,198,000</u>
Total current liabilities	4,072,902	3,474,960
Long-Term Debt	587,398	811,472
Net Assets	<u>18,716,533</u>	<u>18,589,851</u>
Total liabilities and net assets	<u>\$ 23,376,833</u>	<u>\$ 22,876,283</u>

See Independent Auditor's Report.

<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 2,339,957	\$ 1,081,149	\$ 890,376
3,566,061	4,204,773	4,453,217
241,565	218,516	233,186
347,809	253,441	298,264
--	251,000	--
1,081,000	1,008,000	873,000
<u>109,331</u>	<u>110,753</u>	<u>49,750</u>
<u>7,685,723</u>	<u>7,127,632</u>	<u>6,797,793</u>
4,840,402	4,418,257	4,854,469
9,040,919	9,302,338	9,110,411
<u>386,428</u>	<u>325,000</u>	<u>53,160</u>
<u>14,267,749</u>	<u>14,045,595</u>	<u>14,018,040</u>
<u>\$ 21,953,472</u>	<u>\$ 21,173,227</u>	<u>\$ 20,815,833</u>
\$ 109,331	\$ --	\$ --
275,395	710,860	271,176
1,109,309	955,470	1,011,285
--	7,604	7,604
322,000	--	547,000
<u>1,081,000</u>	<u>1,008,000</u>	<u>873,000</u>
<u>2,897,035</u>	<u>2,681,934</u>	<u>2,710,065</u>
546,442	--	--
<u>18,509,995</u>	<u>18,491,293</u>	<u>18,105,768</u>
<u>\$ 21,953,472</u>	<u>\$ 21,173,227</u>	<u>\$ 20,815,833</u>

GREENE COUNTY MEDICAL CENTER
Comparative Statements of Revenues, Expenses and Changes in Net Assets
Year ended June 30,

	<u>2011</u>	<u>2010</u>
Patient Service Revenue	\$ 23,053,087	\$ 20,995,925
Adjustments to Patient Service Revenue	<u>(5,312,014)</u>	<u>(4,105,737)</u>
Net Patient Service Revenue	17,741,073	16,890,188
Other Revenue	<u>298,592</u>	<u>289,192</u>
Total Revenue	18,039,665	17,179,380
Expenses	<u>20,492,730</u>	<u>19,118,139</u>
Operating Loss	(2,453,065)	(1,938,759)
Non-Operating Revenues, Net	<u>2,186,217</u>	<u>1,566,579</u>
Excess of Revenues Over Expenses (Expenses Over Revenues) Before Capital Grants and Contributions, Scholarship Distributions, and Unusual Item	(266,848)	(372,180)
Capital Grants and Contributions	407,530	478,286
Medical Occupation Scholarship Distributions	(14,000)	(26,250)
Unusual Item	<u>--</u>	<u>--</u>
Increase in Net Assets	<u>\$ 126,682</u>	<u>\$ 79,856</u>

See Independent Auditor's Report.

<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 20,201,298	\$ 18,132,673	\$ 18,939,543
<u>(4,061,245)</u>	<u>(3,099,132)</u>	<u>(3,589,588)</u>
16,140,053	15,033,541	15,349,955
<u>395,206</u>	<u>438,578</u>	<u>420,027</u>
16,535,259	15,472,119	15,769,982
<u>18,166,953</u>	<u>17,146,900</u>	<u>16,831,990</u>
(1,631,694)	(1,674,781)	(1,062,008)
<u>1,606,617</u>	<u>1,713,542</u>	<u>1,382,281</u>
(25,077)	38,761	320,273
60,029	371,764	78,060
(16,250)	(25,000)	(22,500)
<u>--</u>	<u>--</u>	<u>(311,785)</u>
<u>\$ 18,702</u>	<u>\$ 385,525</u>	<u>\$ 64,048</u>

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Trustees
Greene County Medical Center
Jefferson, Iowa

We have audited the financial statements of Greene County Medical Center as of and for the year ended June 30, 2011, and have issued our report thereon dated December 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greene County Medical Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Greene County Medical Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Hospital's financial statements will not be prevented or detected and corrected on a timely basis.

To the Board of Trustees
Greene County Medical Center

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 11-II-A to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greene County Medical Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Hospital's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Hospital. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Greene County Medical Center's response to findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusion on the Hospital's response, we did not audit the Hospital's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Greene County Medical Center and other parties to whom the Hospital may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Leonard, Bell, Kyler - Co. P.C.

Atlantic, Iowa
December 2, 2011

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

Independent Auditor's Report on Compliance
with Requirements That Could Have a Direct and Material Effect on
Each Major Program and on Internal Control over Compliance
In Accordance With OMB Circular A-133

To the Board of Trustees
Greene County Medical Center
Jefferson, Iowa

Compliance

We have audited the compliance of Greene County Medical Center, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2011. Greene County Medical Center's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Greene County Medical Center's management. Our responsibility is to express an opinion on Greene County Medical Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greene County Medical Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Greene County Medical Center's compliance with those requirements.

In our opinion, Greene County Medical Center, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2011.

To the Board of Trustees
Greene County Medical Center

Internal Control Over Compliance

The management of Greene County Medical Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Greene County Medical Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Greene County Medical Center's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the Hospital's internal control over compliance that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance we consider to be a significant deficiency.

A deficiency in the Hospital's internal control over compliance exists when the design or operation of a control over that compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 11-III-A to be a significant deficiency.

Greene County Medical Center's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusion on the Hospital's response, we did not audit Greene County Medical Center's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Greene County Medical Center, and other parties to whom the Hospital may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Armstrong, Bill, Kyle - ca P.C.

Atlantic, Iowa
December 2, 2011

GREENE COUNTY MEDICAL CENTER

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) A qualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A significant deficiency in internal control over the major program was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed an audit finding which was required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was:
 - Department of Commerce - Broadband Technology Opportunities Program
 - CFDA Number #11.557 - ARRA
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Greene County Medical Center did not qualify as a low-risk auditee.

GREENE COUNTY MEDICAL CENTER

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part II: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

There were no instances of noncompliance noted for the year ended June 30, 2011.

SIGNIFICANT DEFICIENCIES:

11-II-A Segregation of Duties: A limited number of people have the primary responsibility for most of the accounting and financial duties. As a result, some of those aspects of internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in the Hospital. This deficiency is common among most small rural hospitals.

Recommendation: We recognize that it may not be economically feasible for the Hospital to employ additional personnel for the sole purpose of segregating duties, however, it is our professional responsibility to bring this control deficiency to your attention. We recommend that the Board be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response and Corrective Action Planned: The Board is aware of this lack of segregation of duties, but it is not economically feasible for the Hospital to employ additional personnel for this reason. The Board will continue to act as an oversight group.

Conclusion: Response accepted.

* * *

GREENE COUNTY MEDICAL CENTER

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NONCOMPLIANCE:

There were no instances of noncompliance noted for the year ended June 30, 2011.

SIGNIFICANT DEFICIENCIES:

CFDA Number 11.557 - Broadband Technology Opportunities Program
Pass-through Numbers: 19-43-B10575

Federal Award Year: 2011
U.S. Department of Commerce
Passed through the Central Iowa Hospital Corporation

- 11-III-A Segregation of Duties over Federal Revenues and Expenditures - The Hospital did not properly segregate custody, record-keeping and reconciling functions for revenues and expenditures, including those related to Federal programs. See audit finding 11-II-A.

* * *

GREENE COUNTY MEDICAL CENTER

Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Part IV: Other Findings Related to Required Statutory Reporting:

- 11-IV-A Certified Budget - Hospital expenditures during the year ended June 30, 2011 did not exceed the amount budgeted.
- 11-IV-B Questionable Expenditures - During the audit, we noted no expenditures for parties, banquets or other entertainment for employees or Board members.
- 11-IV-C Travel Expense - No expenditures of Hospital money for travel expenses of spouses of Hospital officials or employees were noted.
- 11-IV-D Business Transactions - No business transactions between the Hospital and Hospital officials or employees were noted.
- 11-II-E Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- 11-II-F Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Hospital's investment policy.

* * *